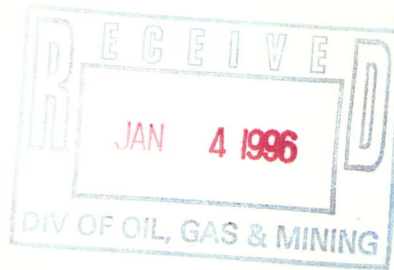


Kennecott Utah Copper Corporation  
8315 West 3595 South  
P.O. Box 6001  
Magna, Utah 84044-6001  
(801) 252-3179  
(801) 252-3125 (FAX)

Elaine J. Dorward-King, Ph.D.  
Director, Environmental Affairs



**Kennecott**

January 2, 1996

Mr. D. Wayne Hedberg  
Permit Supervisor, Mineral Regulatory Program  
State of Utah, Department of Natural Resources  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Re: Secondary Tailings Pipeline Project, Kennecott Utah Copper Corporation,  
Modernization Project, M/035/011, Salt Lake County, Utah

Dear Mr. Hedberg:

In your letter dated November 2, 1995, you asked Kennecott Utah Copper (KUC) to provide additional details regarding the construction and installation of a secondary tailings pipeline. Your letter was in response to a KUC letter dated October 11, 1995 that stated a second concrete tailings pipeline 66 inches in diameter was going to be installed in the tailings pipeline right-of-way. Based on recent engineering evaluations, it may be premature to amend the existing permit (M/035/011), as other options for upgrading the tailings pipeline are being considered.

The details of the various engineering and construction designs for the tailings pipeline project are being evaluated. One of the options still being considered is upgrading the existing tailings line. Other options that are being evaluated include the addition of a secondary line made out of a material that has yet to be determined.

Because of the potential urgency for installation of a new line or the refurbishing of the existing line, KUC has been performing earth work along the approved pipeline corridor in order to facilitate construction when a pipeline option is selected. The earth work that is currently being performed includes preparing a 50 ft. wide base on the west side of the existing pipeline to provide easy access to refurbish the existing pipeline or to provide a base for a new pipeline.

In addition to preparing the 50 ft. wide base, all of the slopes on the previous cuts on the west side of the existing pipeline have been reduced in slope from 1.5 horizontal to 1 vertical to 3 horizontal to 1 vertical. The slope reduction on most of these cuts has already been completed. In addition, the

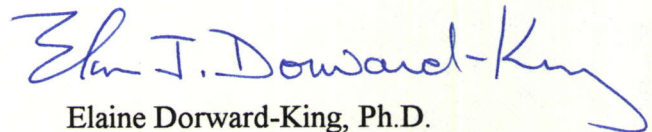
Mr. D. Wayne Hedberg  
January 2, 1996  
Page 2

reduced slopes are currently being topsoiled and ripped. Beginning on January 2, 1995, the ripped/topsoiled areas will be reseeded. As of December 16, 1995, KUC has placed and ripped 47,000 cubic yards of topsoil and has another 200,000 cubic yards of topsoiling and ripping scheduled for completion. To date, this project has spent approximately \$83,000 on the placing and ripping of topsoil alone.

KUC recognizes the issues of concern in your November 2, 1995 letter and will provide you additional information addressing those concerns as soon as a final pipeline improvement option is decided.

If you have any questions regarding this project, please call me at 252-3179 or Jon Cherry at 569-6208.

Sincerely,

A handwritten signature in blue ink that reads "Elaine Dorward-King". The signature is fluid and cursive, with a long horizontal stroke at the end.

Elaine Dorward-King, Ph.D.  
Director, Environmental Affairs

JCC/jcc



Kennecott Corporation  
10 East South Temple  
P.O. Box 11248  
Salt Lake City, Utah 84147  
(801) 322 7000

P. 02

m/035/011  
m/035/015

**Kennecott**

December 18, 1995

Mr. Wayne Hedberg  
Utah Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

RE: Approvals for Letters of Credit (LOC)

Dear Wayne:

Thanks for your time on the phone Friday. I recall that we discussed two items. First, approval to replace the current First Security Bank LOC<sup>1</sup> \_\_\_\_\_ (\$5,300,000 for Copperton Concentrator 4th Line Expansion) with a J. P. Morgan LOC of like form and amount. You felt that this would be acceptable, and proposed letting me know today if you learned otherwise.

The second item we discussed was whether an LOC from an approved bank would be acceptable, in lieu of a surety bond, on the tailings expansion project. You indicated that an LOC would be an acceptable substitute to a surety bond.

Would you kindly formalize these two verbal approvals in writing to my attention as soon as possible. We must notify First Security Bank within a few days if we do not intend to renew their LOC.

Thanks for your assistance, Wayne.

Very truly yours,



Scott D. Burton

SDB/vljm

cc: K. P. Done